

INFORMATION REPORT

COUNTRY

China

CONFIDENTIAL

50X1-HUM

SUBJECT

Economic Information: Speculative Practices
 of Mill Owners, Shanghai

NO. OF PAGES 1

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1. The rise in the Shanghai exchange and the stock and commodity markets in the last month is being brought about by the speculative practices of the mill owners, particularly the group composed of the following companies: the Wing On (KWOK brothers), the Sung Sing (SHUNG Haing and the YUNG brothers), and the Ching Fong (CHING Feng and P. Y. TANG). The present visit of T. V. SOONG to Shanghai is not unconnected with this speculation.
2. SOONG has a substantial investment in the Wing On enterprises and has been consulted frequently by the KWOK brothers during the past week.
3. The mill owners are strongly opposed to the Cotton Control Board's policy of allocation of raw cotton and yarn and the purchase of finished products at fixed prices. They say compliance with the rules would involve them in a thirty per cent loss. This contention is confirmed even by the government-owned (Young China Party's) China Textile Industry, Inc.
4. During January the Wing On group sold its own shares in large volume in order to purchase commodities, including its own products, and black market exchange. Immediately following the Chinese New Year (about 15 February) they began purchasing shares, [redacted] and commodities on a large scale. 50X1-HUM
 Because of extra bonus money in the market at this time they have taken advantage of the situation and run up the market to a point where it has embarrassed CHIANG Chia-ngo who is responsible for enforcement of economic controls, such as financing (remittances, loans, exchange), government purchasing (cotton, rice, vegetable oils, fuels, etc.), and the activities of the economic police [redacted] 50X1-HUM
5. Since the end of the war the Shanghai mill owners, who represent the largest capital and biggest industry in Shanghai, have been notorious in speculative activities - hoarding their own products, buying gold bars [redacted] 50X1-HUM
 [redacted] and avoiding payment of taxes. The value of the monthly output of the mills is more than [redacted] their 77 total bank deposits in Shanghai. 50X1-HUM

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